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## 1) TOP HEADLINES

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Government project screening produces savings of 1 trillion yen initially

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First half of government project screening produces 1.4 trillion yen in savings; 33 projects scrapped

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Japan, U.S. agree on "early solution" for Futenma relocation at first meeting of working group

### Nikkei:

U.S., China to build "strategic trust," collaborate for world economic recovery

### Sankei:

First round of government project screening ends after five days; "results" given top priority

### Tokyo Shimbun:

First half of government project screening ends, reducing budget requests by 470 billion yen, 900 billion yen in hidden funds to be returned to treasury

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will be undermined

## 2) EDITORIALS

### Asahi:

- (1) U.S.-China summit: Deepening and limitations of the age of the G-2
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- (1) U.S. policy on China: Responsibility to ask China to assume responsibility
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- (1) Futenma working group: Reach a solution by year's end to dispel distrust in Japan
- (2) Obama's first visit to China: Can a new era be built by giving priority to pragmatic interests?

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- (1) Carelessness of remarks resulting in loss of trust in Prime Minister
- (2) U.S., China should also fulfill responsibility on environment

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- (1) Doing away with party leaders' debate runs counter to Diet reform
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- (1) U.S.-China summit: Make G-2 cooperation an opportunity for Japan
- (2) Regional autonomy: Implement bold transfer of tax revenues

### Akahata:

- (1) Foreign minister's visit to Okinawa: Give up on building new base and relocation within Okinawa

## 3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, November 17

07:52 Attended a ministerial committee meeting on budget compilation, followed by a cabinet meeting in the Diet building.  
09:02 Arrived at the Prime Minister's Official Residence (Kantei).  
10:29 Attended the unveiling ceremony for the Regional Autonomy Strategic Council held at Nihon Jitensha Kaikan in Akasaka. Internal Affairs and Communications Minister Haraguchi and others were also present.  
10:43 Arrived at the Kantei.  
13:03 Attended a Lower House plenary session.  
15:55 Met DPJ Upper House Secretary General Takashima, Administration Committee Chair Okumura, Advisor Nakayama, and others.  
16:13 Arrived at the Kantei.  
18:07 Attended a Tokyo Shiraoui-kai meeting held at Zenkoku Choson

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Kaikan in Nagatacho.  
18:36 Met Foreign Minister Okada at the Kantei.  
19:33 Returned to his official residential quarters.  
20:12 Dined with his wife, Miyuki, at a Japanese restaurant in TS Kyowa Rokubankan in Akasaka.  
21:44 Arrived at his official residential quarters.

4) Japan, U.S. agree on "early solution" for Futenma relocation at first working group meeting

YOMIURI (Top play) (Full)  
November 18, 2009

The first meeting of the cabinet-level working group of ministers in charge of foreign affairs and defense on the relocation of the U.S. forces' Futenma Air Station in Okinawa was held at the Ministry of Foreign Affairs on Nov. 17. The two sides agreed to reexamine the process that led to the current plan to relocate the Futenma base to Camp Schwab in Nago City in order to work for a solution "as soon as possible." They also agreed to hold consultations of senior bureaucrats in addition to the cabinet-level talks.

Prime Minister Yukio Hatoyama gave the following comments on the working group on the evening of Nov. 17: "If the discussions between Japan and the U.S. come to one conclusion, I think it will be necessary to accept that as the most important decision," indicating that he will respect the conclusion reached by the working group. He made the above remarks to reporters at the Prime Minister's Official Residence.

Discussing the Nago mayoral election in January, Hatoyama stressed: "I have not said that we will not come up with a conclusion until the outcome of the election (is known). We will have to make a decision at an appropriate time. The national government needs to take that responsibility."

With regard to the working group, while the U.S. considers this to be a forum for implementing the agreement reached between the two governments in May 2006, Hatoyama has indicated that the Futenma relocation plan will be discussed from scratch. In this connection, Foreign Minister Katsuya Okada sought clarification at the beginning of the working group meeting on Nov. 17 that the process of reexamination will not be premised on the current relocation plan. The U.S. side agreed, but Assistant Secretary of Defense Wallace Gregson reiterated the U.S. position that "the current plan is the only feasible option." Defense Minister Toshimi Kitazawa told reporters after the meeting that, "The Foreign Minister and I believe that we need to come up with some sort of conclusion before the end of the year."

5) Japan-U.S. high-level working group meeting on Futenma; looking for settlement before year's end

At a meeting of a Japan-U.S. working group to discuss the relocation of the U.S. Marine Corps' Futenma Air Station in Ginowan City, Okinawa Prefecture, the U.S. side once again called for the implementation of the existing plan, further narrowing options available to the Japanese government. The Ministry of Foreign Affairs (MOFA) and the Defense Ministry, the U.S.'s interlocutors in

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the talks, are trying to find a scenario for the settlement of the issue before year's end. However, with cabinet members differing in their views on the issue, both ministries are having difficulties, caught between the U.S. and the prime minister. Emerging from the working group meeting, Defense Minister Toshimi Kitazawa stressed, "The foreign minister and I share the perception that we must reach a certain degree of closure by the end of the year, which is what 'expeditiously' means." The U.S. side brought up Congress in discussing the Futenma issue. Likewise, the Japanese side is wrestling with its own issues. These are tied to domestic affairs. One is the compilation of the fiscal 2010 budget. The government is scheduled to draft the budget in late December. Unless the Futenma issue is settled before that timeframe at the latest, the government would find it impossible to allocate funds for planned policies. Another issue is the Nago City mayoral election in January next year, in which the Futenma issue is expected to become the most contentious issue. Nago City has decided to accept the relocation plan. However, its decision could become uncertain, depending on the outcome of the election. Many government officials and ruling party members are of the opinion that it is the state that must settle the issue, and yet it would unfortunately seem to have relegated the task to the decision of the citizens of Nago City, as the foreign minister put it. It is hard to fathom the prime minister's thinking.

#### Political schedule

Dec. 7-18 The 15th session of the Conference of the Parties to the Climate Change (COP15 in Copenhagen)

Mid-December thorough late December The government is expected to adopt guidelines for revised fiscal 2010 tax code and the draft budget.

2010

January The regular session of the Diet is to be convened.

15 Law related to the refueling mission in the Indian Ocean expires.

24 Nago City mayoral election

March - April Passage of the fiscal 2010 budget and related laws?

July (as planned) Upper House election

November Okinawa gubernatorial election

6) U.S. warns Japan of possible reduction in funds for Guam relocation; presses Japan for settlement before year's end

YOMIURI (Page 3) (Full)

November 18, 2009

U.S. Ambassador to Japan John Roos, meeting the press corps after the first meeting (yesterday of the Japan-U.S. cabinet-level working group on the relocation of Futenma Air Station), said: "We share the belief that this matter must be resolved expeditiously." The U.S. side intends to press Japan for an early decision, taking the position that in order to implement the plan to relocate Futenma to the coastal area of Camp Schwab without fail, it will be essential to reach a conclusion before year's end.

"Although the U.S government supports the planned Guam relocation and is working very hard, if the unstable situation (regarding the Futenma relocation issue) continues, we cannot rule out the possibility that the reaction of the U.S. Congress will change." Deputy Assistant Secretary of Defense Michael Schiffer made this

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statement during the working group meeting to warn Japan that if the current situation persists, the U.S. Congress might not endorse the

budget for relocating the U.S. Marine Corps from Okinawa to Guam.

The U.S. Congress is currently deliberating on a fiscal 2010 budget bill regarding the construction of military facilities on Guam that are required for relocating 8,000 U.S. Marine Corps from Okinawa. A Senate committee has voted for a budget bill designed to slash 211 million dollars, or about 70 percent of the 300 million dollars sought by the U.S. administration.

The Senate is expected to take a vote on the bill in a plenary session as early as this week. A unified final bill will be produced possibly by mid-December through talks at a joint committee of the two chambers and other forums.

According to a source familiar with Japan-U.S. relations, when the establishment of a working group was being considered by the U.S. government, the Defense Department insisted on confirming the following with the Japanese side so that the working group would not be used (by Japan) to postpone a settlement until next year: (1) options other than the existing plan are unthinkable for the U.S. government, and (2) a conclusion must be reached swiftly by the end of the year.

The Defense Department is particularly alarmed that if an opponent of the relocation plan wins the mayoral election of Nago, the relocation site for Futenma, next January, the existing relocation plan might not be implemented, according to an expert on Japan in the U.S.

#### 7) Details of government project screening procedures

Government panel deems GX rocket project unnecessary but will look into development of engine

YOMIURI (Page 10) (Excerpts)  
November 18, 2009

Japan Aerospace Exploration Agency, independent administrative corporation

(1) GX rocket (5.8 billion yen) requested by the Education, Culture, Sports and S&T Ministry

Finance Ministry: Already 70 billion yen has been spent on the GX rocket development project, and another 80 to 140 billion yen will be needed in the future.

Screening team member: The GX rocket is a commercial rocket, but it might be difficult to sell (overseas). In this sense, the project itself is meaningless.

Screening team member: Unless the rocket is developed, the project will become meaningless. I wonder if the development of the engine alone will bring about commercial benefits.

Education Ministry: There are many cases in which a rocket is developed for use with superior engine.

Screening team member: If you believe the project has potential, you should encourage private firms to invest in it and conduct testing.

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Education Ministry: There is no private firm eager to invest in the project at the present time.

(Conclusion)

Give up earmarking necessary funds and scrap the GX rocket development project. Continue looking into whether the development of its engine should be continued.

(2) H-II Transfer Vehicle (HTV), satellite launch (34.944 billion yen) requested by the Education Ministry

Screening team member: Is it possible to change the international

pledges made for Japan-U.S. or multinational projects?

Education Ministry: The U.S. has produced satellites, while Japan has manufactured measuring equipment. If Japan stops producing the equipment, the project itself will have to be altered.

Screening team member: The explanation "whether benefits will be brought about" made by a budget examiner of the Finance Ministry is not proper to use for science. It should contribute to human beings.

(Conclusion)

Cut the requested amounts for the HTV project and the project for satellite launches by about 10 PERCENT each.

A project involving competitive funds and the research and development of a nuclear power system (5.555 billion yen), and another project for the development of measuring instruments and the development of advanced measuring equipment analysis technology and equipment (5.51 billion yen) requested by the Education Ministry

Screening team member: If one case costs several million yen, it would be acceptable to pursue the dream, but since each case costs over 100 million yen, it is necessary to consider it in terms of its potential feasibility and from a strategic viewpoint.

(Conclusion)

Cut the requested amounts for the R&D of a nuclear power system by about 20 PERCENT and for the development of measuring equipment by 10 to 20 PERCENT .

8) Groups opposing Futenma relocation plan decide on single candidate for Nago mayoral election

SANKEI (Page 5) (Full)  
November 18, 2009

A mayoral election will be held in Nago City, Okinawa Prefecture, in January 2010. In the election, whether to accept the relocation of U.S. Marine Corps Air Station Futenma to Nago will be a major campaign issue. A group supporting candidate Susumu Inamine, 64, former chairman of the city's board of education, whom the Democratic Party of Japan and Social Democratic Party have decided to recommend, and another group backing candidate Yasushi Higa, 65, a part-time university lecturer, whom the Japanese Communist Party intends to recommend, agreed yesterday evening to join forces in

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backing Inamine. When they announced their candidacies for the mayoral election, both Inamine and Higa expressed their opposition to the existing plan to relocate the Futenma base to Nago.

9) U.S. stands by current Futenma relocation plan at first meeting of working group

NIKKEI (Page 1) (Full)  
November 18, 2009

The Japanese and U.S. governments held the first meeting of the working group on the relocation of the U.S. forces' Futenma Air Station in Ginowan City, Okinawa, at the Ministry of Foreign Affairs on Nov. 17. The U.S. reiterated its demand to relocate the Futenma base under the current plan of moving the base to the coastal area of Camp Schwab (in Nago City). It pressed for a solution on the Futenma issue before the end of the year to be in time for the budget deliberations at the U.S. Congress. The Japanese side also agreed to reach a solution promptly.

Foreign Minister Katsuya Okada, Defense Minister Toshimi Kitazawa, and other officials attended the meeting from the Japanese side, while U.S. Ambassador to Japan John Roos, Assistant Secretary of Defense Wallace Gregson, and others participated from the U.S. side. The meeting lasted for 45 minutes. Okada pointed out that the working group "will engage in an examination process of the Futenma

issue, and it is important to reach a solution quickly." He conveyed to the U.S. officials that he understands President Barack Obama's position on implementing the current relocation plan.

Gregson argued that "the current plan is the only feasible option, and this is the view of the entire U.S. government." Deputy Assistant Secretary of Defense Michael Schiffer said: "If uncertainty continues in the Futenma issue, the possibility of Congress changing its response cannot be ruled out. Please keep this in mind." He thus indicated that if a conclusion is deferred beyond the end of the year, this will inevitably have an impact on the entire U.S. Forces Japan realignment package.

Prime Minister Yukio Hatoyama told reporters on the evening of Nov. 17: "If the discussions between Japan and the U.S. come to one conclusion, it goes without saying that we need to accept that as the most important decision," indicating he will respect the conclusion reached by the working group. This was in response to questions from reporters at the Prime Minister's Official Residence.

10) Hatoyama to give weight to working group's conclusion on Futenma relocation

ASAHI (Page 4) (Full)  
November 18, 2009

The Japanese and U.S. governments held at the Foreign Ministry yesterday the first meeting of their ministerial-level working group to consult on the pending issue of relocating the U.S. Marine Corps' Futenma Air Station in Ginowan, Okinawa Prefecture. In the meeting, the two governments agreed to resolve the issue promptly. Prime Minister Yukio Hatoyama indicated his intention yesterday to attach importance to the working group's conclusion that is expected to be reached by the end of the year. "Once Japan and the United States reach a conclusion after consultations, I must accept that as the

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decision with the most weight," Hatoyama said.

The working group meeting was held with the participation of Japanese and U.S. government officials, including Foreign Minister Katsuya Okada, Defense Minister Toshimi Kitazawa, U.S. Ambassador to Japan Roos, U.S. Assistant Secretary of Defense Gregson, and Deputy Assistant Secretary of Defense Schiffer. Okada explained the results of his recent visit to Okinawa and asked the U.S. participants about such matters as his proposal to integrate the heliport functions of Futenma airfield into the U.S. Kadena Air Base. In response, Gregson sought to implement the current plan to relocate the Futenma base to the Henoko area of the island prefecture's northern coastal city of Nago. "The current plan is the only feasible option and it's the U.S. government's idea," Gregson stressed.

In addition, Schiffer, referring to the planned transfer of 8,000 U.S. Marines from Okinawa to Guam in a package with the Futenma relocation, indicated that a deferred conclusion would make it difficult for the U.S. government to take budget action for the relocation of Okinawa-based Marines to Guam. "If the unstable situation continues, we cannot rule out the possibility of a different response from the U.S. Congress," Schiffer said. Meanwhile, Hatoyama and U.S. President Obama differ on how to characterize the working group. In this regard, the two governments confirmed that they will accelerate their verification of an alternative facility for Futenma airfield.

11) Deepening Japan-U.S. alliance on agenda for foreign, defense ministerial: Okada

ASAHI (Page 4) (Full)  
November 18, 2009

Japan and the United States agreed in a recent summit meeting of Prime Minister Hatoyama and President Obama to enter upon a new process of consultations in order for the two countries to deepen their alliance. In this regard, Foreign Minister Katsuya Okada, meeting the press yesterday, indicated that the process will take

the form of the Security Consultative Committee (SCC), or a 'two-plus-two' ministerial, involving foreign and defense ministers from the Japanese and U.S. governments.

12) Chinese foreign minister to visit Japan tomorrow

MAINICHI (Page 5) (Full)  
November 18, 2009

Chinese Foreign Minister Yang Jiechi will visit Japan on Nov. 19-22 and hold talks with Foreign Minister Katsuya Okada on the 19th. This schedule was decided on the 17th. Okada revealed this at a press conference yesterday. The two foreign ministers are expected to exchange views on such issues as the dispute over exploration rights for gas fields in the East China Sea. Okada also stated at the press conference that a visit to Japan by Vice President Xi Jinping "will be a topic that will be discussed in the upcoming foreign ministerial meeting." Okada and Yang will discuss the possibility of a visit to Japan by Xi before the end of the year.

13) Transport Minister Maehara gives lessons on foreign, security issues to Hatoyama

ASAHI (Page 1) (Full)

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November 18, 2009

During a House of Representatives plenary session yesterday, there was a scene in which Minister of Land, Infrastructure, Transport and Tourism Seiji Maehara, who sat next to Prime Minister Yukio Hatoyama, "gave lessons" on foreign and security issues to him. Maehara made notes on the back of his material, and Hatoyama was leaning forward to hear his explanation.

Maehara wrote down such items as "the Status of Forces Agreement" and "redefinition of the Japan-U.S. Security Arrangements (50th anniversary next year)." He used an upward arrow to indicate that Japan is pressuring the U.S. and a downward arrow to indicate that the U.S. is pressuring Japan. He put an upward arrow for the U.S. force realignment issue (the relocation of the Futenma Air Station) and a downward arrow for Afghanistan and Pakistan. The Hatoyama administration has strayed slightly off course over the U.S. force realignment issue. Maehara seems to have lent a helping hand to Hatoyama.

ROOS